

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF DIALFORHEALTH INDIA LIMITED**

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of **DIALFORHEALTH INDIA LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2017, the Statement of Profit and Loss (including other comprehensive income), the Cash Flow Statement and the statement of changes in equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's management is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance (including other comprehensive income), cash flows and the changes in equity of the Company in accordance with the accounting principles generally accepted in India including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with relevant rules issued thereunder. This responsibility also includes the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting the frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of internal financial control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the standalone Financial Statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidences about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial

Ce

statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Financial Statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Ind AS, of the financial position, of the Company as at 31st March, 2017, and its financial performance (including other comprehensive income); and its cash flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the "Annexure A" statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The reports on the accounts of the branch office of the Company audited under Section 143 (8) of the Act by branch auditor have been sent to us and have been properly dealt with by us in preparing this report.
 - (d) The Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement and the statement of changes in equity dealt with by this Report are in agreement with the books of account.
 - (e) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant rules issued thereunder;

Cg

- (f) On the basis of the written representations received from the directors as on 31st March 2017 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2017, from being appointed as a director in terms of section 164(2) of the Act.
- (g) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- The Company does not have any pending litigations which would impact its financial position;
 - The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
 - The Company has provided requisite disclosures in the standalone financial statements as regards its holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated 8th November, 2016 of the Ministry of Finance, during the period from 8th November, 2016 to 30th December, 2016. Based on audit procedures performed and the representations provided to us by the management we report that the disclosures are in accordance with the books of account maintained by the Company and as produced to us by the Management.

Place: Ahmedabad
Date: 25th May, 2017

For **MUKESH M. SHAH & CO.**,
Chartered Accountants
Firm Registration No.: 106625W



Chandresh S. Shah
Chandresh S. Shah
Partner
Membership No.: 042132

“Annexure A” referred to in the Independent Auditors’ Report of even date to the members of DIALFORHEALTH INDIA LIMITED on the Standalone Financial Statements for the year ended 31st March, 2017.

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, we report that:

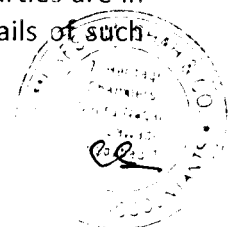
1. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) Some of the fixed assets were physically verified during the year by the management in accordance with programme of verification, which in our opinion provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us no material discrepancies were noticed on such verification. In our opinion, the frequency of verification of the fixed assets is reasonable having regard to the size of the Company and the nature of its assets.
 - (c) The Company does not hold any immovable property.
2. (a) The inventories have been physically verified by the management during the year. In our opinion, the procedures for the physical verification of inventory followed by management are reasonable and adequate in relation to the size of the company and the nature of its business.
 - (b) In our opinion and according to the information and explanation given to us, the company has maintained proper records of inventory. No material discrepancies were noticed on physical verification of inventory.
3. In respect of an Unsecured loan granted by the Company to two companies covered in the register maintained under section 189 of the Companies Act, 2013.
 - a. The principal amount is repayable over a period of three years, while the interest is payable annually, wherever applicable.
 - b. In respect of the said loan and interest thereon, there is no overdue amount.
4. In our opinion and according to the information and explanations given to us, the Company has not given any loans, guarantees or security or made any investments to which provisions of section 185 and 186 of the Act is applicable, and accordingly paragraph 3 (iv) of the Order is not applicable to the Company.
5. The Company has not accepted any deposits from the Public within the meaning of the provisions of section 73 to 76 or any other relevant provisions of the Act and the rules framed thereunder. Further, according to the information and explanations given to us,

ce

no order has been passed by the Company Law Board of National Company Law Tribunal or Reserve Bank of India or any court or any other Tribunal, in this regard.

6. In absence of any manufacturing activities carried out by the company, the requirement of maintenance of cost records under sub section 1 of section 148 of the Companies Act, 2013 are not applicable to the Company during the year under audit.
7. (a) According to the information and explanations given to us and on the basis of our examination of the books of account, the company has been generally regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-tax, Sales-tax, Service tax, Custom duty, Excise duty, Value added Tax, Cess and any other material statutory dues during the year with the appropriate authorities. Moreover, as at 31st March, 2017, there are no such undisputed dues payable for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there is no dues under dispute for Income tax, Sales tax, Excise duty and Service tax and other material statutory dues as at 31st March, 2017.
8. According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has not defaulted in repayment of loans or borrowings from any financial institution, banks, government or due to debenture holders during the year.
9. The Company did not raise any money by way of initial public offer or further public offer (including debt instruments). The term loans raised during the year have been utilized by the company for the purpose for which the same has been taken.
10. According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
11. According to the information and explanations given to us and on the basis of our examination of the books of account, the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 (with schedule V) of the Act.
12. In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable to the Company.
13. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with section 177 and 188 of the Act where applicable and details of such



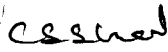
transactions have been disclosed in the financial statements as required by the applicable accounting standards.

14. According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
15. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable to the Company.
16. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

Place: Ahmedabad
Date: 25th May, 2017

For **MUKESH M. SHAH & CO.,**
Chartered Accountants
Firm Registration No.: 106625W




Chandresh S. Shah
Partner
Membership No.: 042132

“Annexure B” to the Auditors’ Report – March 31, 2017

Report on the Internal Financial Control clause (i) of sub-section 3 of section 143 of the Companies Act, 2013 (“the act”)

We have audited the internal financial controls over financial reporting of **DIALFORHEALTH INDIA LIMITED** (“the company”) as of March 31, 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management Responsibility for Internal Financial Controls

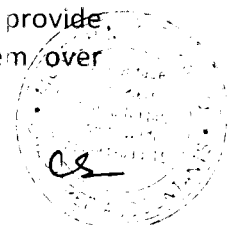
The company’s management is responsible for establishing and maintaining internal financial control based on the internal control over financial reporting criteria established by the company considering the essential components of internal control stated in the Guidance Note on audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India [ICAI]. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the act.

Auditors’ Responsibility

Our responsibility is to express an opinion on the company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial control system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s Judgement, including the assessment of the material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.



Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that:

1. pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
2. provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
3. provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material on the financial statements.

Inherent limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected, also, projections any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Place: Ahmedabad
Date: 25th May, 2017



For **MUKESH M. SHAH & CO.,**
Chartered Accountants
Firm Registration No.: 106625W

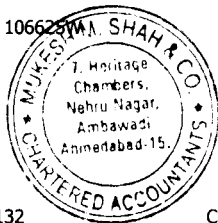
Chandresh S. Shah
Chandresh S. Shah
Partner
Membership No.: 042132

Dialforhealth India Limited
Balance Sheet as at March 31, 2017

Particulars	Note No.	INR-Thousands		
		As at		
		March 31, 2017	March 31, 2016	April 1, 2015
ASSETS:				
Non-Current Assets:				
Property, Plant and Equipment	3	758	1,078	5,485
Financial Assets:				
Investments	4	-	-	-
Loans	5	200,200	200,000	200,000
Other Financial Assets	6	-	-	1,716
Assets for Current tax	7	2,319	1,909	600
		203,277	202,987	207,801
Current Assets:				
Inventories	8	-	1,349	76,241
Financial Assets:				
Trade Receivables	9	1,897	726	1,689
Cash and Cash Equivalents	10	7,140	3,727	4,013
Other Current Financial Assets	11	-	22	127
Other Current Assets	12	144	228	833
		9,181	6,052	82,903
Total		212,458	209,039	290,704
EQUITY AND LIABILITIES:				
Equity:				
Equity Share Capital	13	250,000	250,000	250,000
Other Equity	14	(129,803)	(137,543)	(63,564)
		120,197	112,457	186,436
Non-Current Liabilities:				
Financial Liabilities:				
Borrowings	15	90,827	93,897	99,794
Other Financial Liabilities	16	-	356	356
Provisions	17	548	821	1,299
		91,375	95,074	101,449
Current Liabilities:				
Financial Liabilities:				
Trade Payables	18	332	522	923
Other Financial Liabilities	19	453	799	1,297
Other Current Liabilities	20	36	99	434
Provisions	21	65	88	165
		886	1,508	2,819
Total		212,458	209,039	290,704
Significant Accounting Policies	2			
Notes to the Financial Statements	1 to 37			

As per our report of even date

For Mukesh M. Shah & Co.,
Chartered Accountants
Firm Registration Number: 106625



CS Shah
Chandresh S. Shah
Partner
Membership Number: 042132
Ahmedabad, Dated: May 25, 2017

Jayesh K. Patel
Jayesh K. Patel
Chief Financial Officer

Uma A. Kadakia
Uma A. Kadakia
Company Secretary

For and on behalf of the Board

Dr. Sharvil P. Patel
Dr. Sharvil P. Patel
Chairman

Harish Sadana
Harish Sadana
Director

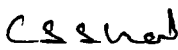
[Handwritten signature]

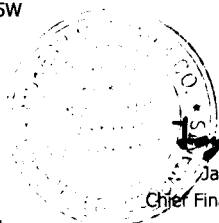
Dialforhealth India Limited
Statement of Profit and Loss for the year ended March 31, 2017

Particulars	Note No.	INR-Thousands	
		Year ended March 31	
		2017	2016
Revenue from Operations	23	24,492	30,173
Other Income	24	19,680	19,112
Total Income		44,172	49,285
EXPENSES:			
Purchases of Stock-in-Trade	25	20,960	23,180
Changes in Inventories of Stock-in-Trade	26	1,349	74,892
Employee Benefits Expense	27	2,997	7,309
Finance Costs	28	10,437	10,644
Depreciation Expense	3	120	1,069
Other Expenses	29	809	6,073
Total Expenses		36,672	123,167
Profit before Tax		7,500	(73,882)
Less: Tax Expense	30	-	-
Profit for the year		7,500	(73,882)
OTHER COMPREHENSIVE INCOME [OCI]:			
Items that will not be reclassified to profit or loss:			
Re-measurement gains [losses] on post employment defined benefit plans		240	(97)
Income tax effect		-	-
Other Comprehensive Income for the year [Net of tax]		240	(97)
Total Comprehensive Income for the year [Net of Tax]		7,740	(73,979)
Basic Earning per Equity Share [EPS] [INR]	31	1.50	(14.78)
Diluted Earning per Equity Share [EPS] [INR]	31	0.30	(2.96)
Significant Accounting Policies	2		
Notes to the Financial Statements	1 to 37		

As per our report of even date
 For Mukesh M. Shah & Co.,
 Chartered Accountants
 Firm Registration Number: 106625W

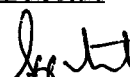
For and on behalf of the Board

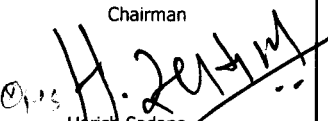

 Chandresh S. Shah
 Partner
 Membership Number: 042132
 Ahmedabad, Dated: May 25, 2017




 Jayesh K. Patel
 Chief Financial Officer


 Urvi A. Kadakia
 Company Secretary


 Dr. Sharvil P. Patel
 Chairman


 Harish Sadana
 Director



Dialforhealth India Limited
Cash Flow Statement for the year ended March 31, 2017

Particulars	INR-Thousands	
	Year ended March 31	
	2017	2016
A Cash flows from operating activities:		
Profit before tax	7,500	(73,882)
Adjustments for:		
Depreciation Expense	120	1,069
Net Loss on sale/ disposal of Property, Plant and Equipment	68	2,518
Provisions for employee benefits	(56)	(652)
Total	132	2,935
Operating profit before working capital changes	7,632	(70,947)
Adjustments for:		
[Increase]/ Decrease in trade receivables	(1,171)	963
Decrease in inventories	1,349	74,892
[Increase]/ Decrease in other assets	(94)	2,426
[Decrease] in trade payables	(190)	(401)
[Decrease] in other liabilities	(765)	(833)
Total	(871)	77,047
Cash generated from operations	6,761	6,100
Direct taxes paid [Net of refunds]	(410)	(1,309)
Net cash from operating activities	6,351	4,791
B Cash flows from investing activities:		
Proceeds from sale of property, plant and equipment	132	820
Net cash from investing activities	132	820
C Cash flows from financing activities:		
Proceeds from non current borrowings	(3,070)	(5,897)
Net cash from financing activities	(3,070)	(5,897)
Net [Decrease]/ increase in cash and cash equivalents	3,413	(286)
Cash and cash equivalents at the beginning of the year	3,727	4,013
Cash and cash equivalents at the end of the year	7,140	3,727

Notes to the Cash Flow Statement

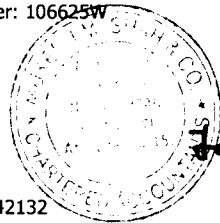
- 1 All figures in brackets are outflows.
- 2 Cash and cash equivalents at the end [beginning] of the year include INR Nil [INR Nil] not available for immediate use.
- 3 Cash and cash equivalents comprise of:

	As at		
	March 31, 2017	March 31, 2016	April 1, 2015
a Cash on Hand	60	141	553
b Balances with Banks	7,080	3,586	3,460
c Total	7,140	3,727	4,013

As per our report of even date

For Mukesh M. Shah & Co.,
Chartered Accountants
Firm Registration Number: 106625W

C S Shah
Chandresh S. Shah
Partner
Membership Number: 042132
Ahmedabad, Dated: May 25, 2017



Jayesh K. Patel
Jayesh K. Patel
Chief Financial Officer

Urv A. Kadakia
Urv A. Kadakia
Company Secretary

For and on behalf of the Board

Dr. Sharvil P. Patel
Dr. Sharvil P. Patel
Chairman

Urv A. Kadakia
Urv A. Kadakia
Company Secretary

Harish Sadana
Harish Sadana
Director

Dialforhealth India Limited

Statement of Change in Equity for the year ended March 31, 2017

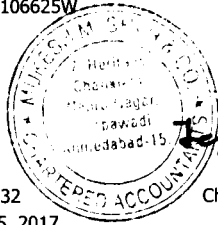
a Equity Share Capital:		
	No. of Shares	INR-Thousands
Equity Shares of INR 10 each, Issued, Subscribed and Fully Paid-up:		
As at April 1, 2015	5,000,000	50,000
As at March 31, 2016	5,000,000	50,000
As at March 31, 2017	5,000,000	50,000
Optionally Convertible Redeemable Preference Shares of Rs.100/- each, Issued, Subscribed and Fully Paid-up:		
As at April 1, 2015	2,000,000	200,000
As at March 31, 2016	2,000,000	200,000
As at March 31, 2017	2,000,000	200,000

b Other Equity:	INR-Thousands		
	Reserves and Surplus		Total
	Retained Earnings	Equity component of interest free loan	
As at April 1, 2015	(125,821)	62,257	(63,564)
[Less]: Loss for the year	(73,882)		(73,882)
[Less]: Other Comprehensive income	(97)		(97)
As at March 31, 2016	(199,800)	62,257	(137,543)
Add: Profit for the year	7,500		7,500
Add: Other Comprehensive income	240		240
As at March 31, 2017	(192,060)	62,257	(129,803)

As per our report of even date
 For Mukesh M. Shah & Co.,
 Chartered Accountants
 Firm Registration Number: 106625W

For and on behalf of the Board

C S Shah
 Chandresh S. Shah
 Partner
 Membership Number: 042132
 Ahmedabad, Dated: May 25, 2017



Jayesh K. Patel
 Jayesh K. Patel
 Chief Financial Officer

Uma
 Uma A. Kadakia
 Company Secretary

Dr. Sharvil P. Patel
 Dr. Sharvil P. Patel
 Chairman

H. Sadana
 H. Sadana
 Director

[Handwritten signature]

Dialforhealth India Limited

Note: 1-Company overview:

Dialforhealth India Limited [the Company] was incorporated on March 6, 2000. The company's registered office is situated at Zyodus Tower, Satellite Cross Roads, Ahmedabad. The principal business of the company is to run retail pharmacy stores across India. The Company's shares are held by Cadila Healthcare Limited and its nominees [Holding Company].

These financial statements were authorised for issue in accordance with a resolution passed by the Board of Directors at their meeting held on May 25, 2017.

Note: 2-Significant Accounting Policies:

A The following note provides list of the significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented unless otherwise stated.

1 Basis of preparation:

- A** The financial statements have been prepared in accordance with Indian Accounting Standards [Ind AS] notified under the Companies [Indian Accounting Standards] Rules, 2015, as amended and other relevant provisions of the Companies Act, 2013.
- B** For all periods up to and including the year ended March 31, 2016, the Company has prepared its financial statements in accordance with the accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies [Accounts] Rules, 2014 [Indian GAAP].
The Company has adopted Ind AS as per Companies [Indian Accounting Standards] [Ind AS] Rules, 2015 as notified under section 133 of the Companies Act, 2013 for these Financial statements beginning April 1, 2016. As per the principles of Ind AS 101, the transition date to Ind AS is April 1, 2015 and hence the comparatives for the previous year ended March 31, 2016 and balances as on April 1, 2015 have been restated as per the principles of Ind AS, wherever deemed necessary. Reconciliations and descriptions of the effect of the transition from previous GAAP to Ind AS have been summarized in note 36 and note 37.
- C** The financial statements have been prepared on historical cost basis, except for the following assets and liabilities which have been measured at fair value or revalued amount:
- i Defined benefit plans
 - ii Long term employment benefits

2 Use of Estimates:

The preparation of the financial statements in conformity with Ind AS requires management to make estimates, judgments and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of income and expenses during the period. Application of accounting policies that require critical accounting estimates involving complex and subjective judgments are provided below. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the consolidated financial statements.

Critical estimates and judgments

a Income taxes:

Significant judgments are involved in determining the provision for income taxes, including amount expected to be paid/recovered for uncertain tax positions.

b Property, Plant and Equipment:

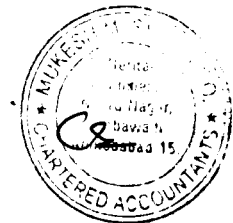
Property, Plant and Equipment represent a significant proportion of the asset base of the Company. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. Management reviews the residual values, useful lives and methods of depreciation of Property, Plant and Equipment at each reporting period end and any revision to these is recognised prospectively in current and future periods. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology.

c Employee benefits:

Significant judgments are involved in making judgments about the life expectancy, discounting rate, salary increase, etc. which significantly affect the working of the present value of future liabilities on account of employee benefits by way of defined benefit plans.

d Impairment of assets and investments:

Significant judgment is involved in determining the estimated future cash flows from the Investments, Property, Plant and Equipment and Goodwill to determine its value in use to assess whether there is any impairment in its carrying amount as reflected in the financials.



Note: 2-Significant Accounting Policies-Continued:**3 Revenue Recognition:**

- A** Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government and is shown net of returns, trade allowances, rebates, value added taxes and volume discounts.
- B** Sales Tax/ Value Added Tax [VAT] is not received by the Company on its own account. Rather, it is tax collected on value added to the goods by the Company on behalf of the government. Accordingly, it is excluded from revenue.
- C** The specific recognition criteria described below must also be met before revenue is recognised:
- a Sale of Goods:**
Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.
The goods are often sold with volume discounts/pricing incentives and customers have a right to return damaged or expired products. Revenue from sales is based on the price in the sales contracts/MRP, net of discounts. Historical experience is used to estimate and provide for damage or expiry claims. No element of financing is deemed present as the sales are made with the normal credit terms as per prevalent trade practice and credit policy followed by the Company.
- b Service Income:**
Service income is recognised as per the terms of contracts with the customers when the related services are performed as per the stage of completion or on the achievement of agreed milestones and are net of service tax, wherever applicable.
- c Interest Income:**
For all debt instruments measured at amortised cost, interest income is recorded using the effective interest rate [EIR]. EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses.
- d Other Income:**
Other income is recognised when no significant uncertainty as to its determination or realisation exists.

4 Taxes on Income:

Tax expenses comprise of current and deferred tax.

A Current Tax:

- a** Current tax is measured at the amount expected to be paid on the basis of reliefs and deductions available in accordance with the provisions of the Income Tax Act, 1961. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.
- b** Current tax items are recognised in co-relation to the underlying transaction either in Statement of Profit and Loss, OCI or directly in equity.

B Deferred Tax:

- a** Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.
- b** Deferred tax liabilities are recognised for all taxable temporary differences.
- c** Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carry forward of unused tax credits and unused tax losses can be utilized.
- d** The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.
- e** Deferred tax assets and liabilities are measured at the tax rates [and tax laws] that have been enacted or substantively enacted at the reporting date and are expected to apply in the year when the asset is realised or the liability is settled.
- f** Deferred tax items are recognised in co-relation to the underlying transaction either in OCI or directly in equity.
- g** Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities.



Note: 2-Significant Accounting Policies-Continued:**5 Property, Plant and Equipment:**

A Property, Plant and Equipment are stated at historical cost of acquisition/ construction less accumulated depreciation and impairment loss. Historical cost [Net of Input tax credit received/ receivable] includes related expenditure and pre-operative & project expenses for the period up to completion of construction/ assets are ready for its intended use, if the recognition criteria are met and the present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset, if the recognition criteria for a provision are met.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance costs are charged to the statement of profit and loss during the reporting period in which they are incurred, unless they meet the recognition criteria for capitalisation under Property, Plant and Equipment.

On transition to Ind AS, the Company has elected to continue with the carrying value of all its Property, Plant and Equipment recognised as at April 1, 2015 measured as per the previous GAAP and use that carrying value as the deemed cost of the Property, Plant and Equipment.

B Where components of an asset are significant in value in relation to the total value of the asset as a whole, and they have substantially different economic lives as compared to principal item of the asset, they are recognised separately as independent items and are depreciated over their estimated economic useful lives.

C Depreciation on tangible assets is provided on "straight line method" based on the useful lives as prescribed under Schedule II of the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used. However, management reviews the residual values, useful lives and methods of depreciation of Property, Plant and Equipment at each reporting period end and any revision to these is recognised prospectively in current and future periods.

D Depreciation on impaired assets is calculated on its reduced value, if any, on a systematic basis over its remaining useful life.

E Depreciation on additions/ disposals of the Property, Plant and Equipment during the year is provided on pro-rata basis according to the period during which assets are used.

F Where the actual cost of purchase of an asset is below INR 10,000/-, the depreciation is provided @ 100%.

G An item of Property, Plant and Equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset [calculated as the difference between the net disposal proceeds and the carrying amount of the asset] is included in the Statement of profit and loss when the asset is derecognised.

6 Borrowing Costs:

A Borrowing costs consist of interest and other borrowing costs that are incurred in connection with the borrowing of funds. Other borrowing costs include ancillary charges at the time of acquisition of a financial liability, which is recognised as per EIR method.

B Borrowing costs that are directly attributable to the acquisition/ construction of a qualifying asset are capitalised as part of the cost of such assets, up to the date the assets are ready for their intended use.

7 Impairment of Assets:

The Property, Plant and Equipment and Intangible assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, the assets are grouped at the lowest levels for which there are separately identifiable cash flows which are largely independent of the cash inflows from other assets or groups of assets [cash generating units]. Non-financial assets other than Goodwill that suffered an impairment loss are reviewed for possible reversal of impairment at the end of each reporting period. An impairment loss is charged to the Statement of Profit and Loss in the year in which an asset is identified as impaired. The impairment loss recognised in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

8 Inventories:

A Stock-in-Trade is valued at lower of cost [Net of Input tax credit availed] and net realisable value.

B Cost [Net of CENVAT and Input tax credit availed] of Stock-in-Trade is determined on Moving Average Method.

C Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

9 Cash and Cash Equivalents:

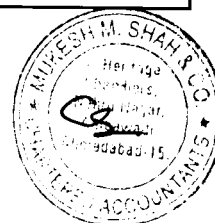
Cash and Cash equivalents for the purpose of Cash Flow Statement comprise cash and cheques in hand, bank balances, demand deposits with banks where the original maturity is three months or less and other short term highly liquid investments.

10 Leases:**As a lessee:**

The determination of whether an arrangement is [or contains] a lease is based on the substance of the arrangement at the inception of the lease.

Lease under which the Company assumes potentially all the risk and rewards of ownership are classified as finance lease.

When acquired, such assets are capitalised at fair value or present value of the minimum lease payment at the inception of the lease, whichever is lower. Lease payments under operating leases are recognised as an expense on straight line basis in the Statement of Profit and Loss over the lease term, unless the payments are structured to increase in line with expected general inflation to compensate lessor's expected inflationary cost increases.



Note: 2-Significant Accounting Policies-Continued:**As a lessor:**

Lease income from operating leases where the Company is lessor is recognised in income on a straight line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases. The respective leased assets are included in the balance sheet based on their nature.

11 Provisions, Contingent Liabilities and Contingent Assets:

- A** Provisions are recognised when the Company has a present obligation as a result of past events and it is probable that the outflow of resources will be required to settle the obligation and in respect of which reliable estimates can be made. A disclosure for contingent liability is made when there is a possible obligation, that may, but probably will not require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision/ disclosure is made. Provisions and contingencies are reviewed at each balance sheet date and adjusted to reflect the correct management estimates. Contingent assets are not recognised but are disclosed separately in financial statements.
- B** If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability.

12 Employee Benefits:**A Short term obligations:**

Liabilities for wages and salaries, including leave encashment that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured by the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

B Long term employee benefits obligations:**a Leave Wages and Sick Leave:**

The liabilities for earned leave and sick leave are not expected to be settled wholly within 12 months period after the end of the period in which the employees render the related service. They are therefore, measured at the present value of expected future payments to be made in respect of services provided by employees upto the end of the reporting period using the projected unit credit method as determined by actuarial valuation, performed by an independent actuary. The benefits are discounted using the market yields at the end of reporting period that have the terms approximating to the terms of the related obligation. Gains and losses through re-measurements are recognised in Statement of profit and loss.

b Defined Benefit Plans:**Gratuity:**

The Company operates a defined benefit gratuity plan with contributions to be made to a separately administered fund through Life Insurance Corporation of India through Employees Group Gratuity Plan. The liability or asset recognised in the balance sheet in respect of defined benefit gratuity plan is the present value of the defined benefit plan obligation at the end of the reporting period less the fair value of the plan assets. The liabilities with regard to the Gratuity Plan are determined by actuarial valuation, performed by an independent actuary, at each balance sheet date using the projected unit credit method. The present value of the defined benefit obligation denominated in INR is determined by discounting the estimated future cash outflows by reference to the market yields at the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discounting rate to the net balance of the defined benefit obligation and the fair value of plan assets. Such costs are included in employee benefit expenses in the statement of Profit and Loss.

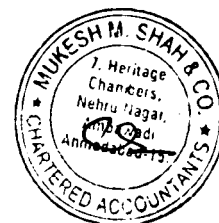
Re-measurement gains or losses arising from experience adjustments and changes in actuarial assumptions are recognised immediately in the period in which they occur directly in "other comprehensive income" and are included in retained earnings in the Statement of changes in equity and in the balance sheet. Re-measurements are not reclassified to profit or loss in subsequent periods.

The Company recognises the following changes in the net defined benefit obligation as an expense in the Statement of profit and loss:

- i Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non routine settlements; and
- ii Net interest expense or income.

c Defined Contribution Plans - Provident Fund Contribution:

Employees of the Company, receive benefits from a provident fund, which is a defined contribution plan. Both the eligible employee and the company make monthly contributions to the provident fund plan equal to a specified percentage of the covered employee's salary. Amounts collected under the provident fund plan are deposited in a government administered provident fund. The companies have no further obligation to the plan beyond its monthly contributions. Such contributions are accounted for as defined contribution plans and are recognised as employee benefits expenses when they are due in the Statement of profit and loss.



Note: 2-Significant Accounting Policies-Continued:**13 Financial Instruments:**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

A Financial Assets:**a Initial recognition and measurement:**

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place [regular way trades] are recognised on the settlement date, i.e., the date that the Company settles to purchase or sell the asset.

b Subsequent measurement:

For purposes of subsequent measurement, financial assets are classified in four categories:

i Debt instruments at amortised cost:

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

- The asset is held with an objective of collecting contractual cash flows
- Contractual terms of the asset give rise on specified dates to cash flows that are "solely payments of principal and interest" [SPPI] on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate [EIR] method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the Statement of Profit and Loss. The losses arising from impairment are recognised in the Statement of profit and loss.

ii Debt instruments at fair value through other comprehensive income [FVTOCI]:

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

- The asset is held with objective of both - for collecting contractual cash flows and selling the financial assets
- The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the OCI. However, the Company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the Statement of Profit and Loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to Statement of Profit and Loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

iii Debt instruments and derivatives at fair value through profit or loss [FVTPL]:

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

Instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

c Derecognition:

A financial asset [or, where applicable, a part of a financial asset] is primarily derecognised [i.e. removed from the Company's balance sheet] when:

- i The rights to receive cash flows from the asset have expired, or
- ii The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either [a] the Company has transferred substantially all the risks and rewards of the asset, or [b] the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained. When the Company has transferred the risk and rewards of ownership of the financial asset, the same is derecognised.



Note: 2-Significant Accounting Policies-Continued:**d Impairment of financial assets:**

In accordance with Ind AS 109, the Company applies expected credit loss [ECL] model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- a Financial assets that are debt instruments, and are measured at amortised cost
- b Trade receivables or any contractual right to receive cash or another financial asset
- c Financial assets that are debt instruments and are measured as at FVTOCI

The Company follows 'simplified approach' for recognition of impairment loss allowance on Point b above.

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it requires the Company to recognise the impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive [i.e., all cash shortfalls], discounted at the original EIR.

ECL impairment loss allowance [or reversal] recognized during the period is recognized as income/ expense in the Statement of profit and loss. The balance sheet presentation for various financial instruments is described below:

Financial assets measured as at amortised cost and contractual revenue receivables: ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet, which reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.

For assessing increase in credit risk and impairment loss, the Company combines financial instruments on the basis of shared credit risk characteristics.

B Financial Liabilities:**a Initial recognition and measurement:**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

b Subsequent measurement:

Subsequently all financial liabilities are measured as amortised cost except for loans and borrowings, as described below:

Loans and borrowings:

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in Statement of profit and loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of profit and loss.

c Derecognition:

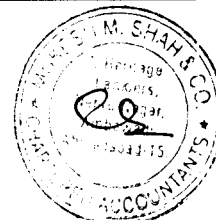
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of profit and loss.

C Reclassification of financial assets:

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model as per Ind AS 109.

D Offsetting of financial instruments:

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.



Note: 2-Significant Accounting Policies-Continued:**14 Fair Value Measurement:**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- a In the principal market for the asset or liability, or
- b In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- a Level 1 — Quoted [unadjusted] market prices in active markets for identical assets or liabilities
- b Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- c Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation [based on the lowest level input that is significant to the fair value measurement as a whole] at the end of each reporting period.

15 Earnings per Share:

Basic earnings per share are calculated by dividing the net profit or loss [excluding other comprehensive income] for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year is adjusted for events such as bonus issue, bonus element in a right issue, shares split and reserve share splits [consolidation of shares] that have changed the number of equity shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit or loss [excluding other comprehensive income] for the year attributable to equity share holders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

B Standards issued but not yet effective:

In March 2017, the Ministry of Corporate Affairs issued the Companies [Indian Accounting Standards] [Amendments] Rules, 2017, notifying amendments to Ind AS 7 "Statement of cash flows" and Ind AS 102 "Share-based payment". These amendments are in accordance with the recent amendments made by International Accounting Standards Board [IASB] to IAS 7 "Statement of cash flows" and IFRS 2 "Share-based payment", respectively. The amendments are applicable to the Company from April 1, 2017.

Amendment to Ind AS 7:

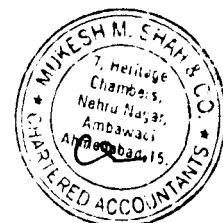
The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement.

The Company is evaluating the requirements of the amendment and its effect on the financial statements.

Amendment to Ind AS 102:

The amendment to Ind AS 102 provides specific guidance to measurement of cash-settled awards, modification of cash-settled awards and awards that include a net settlement feature in respect of withholding taxes.

It clarifies that the fair value of cash-settled awards is determined on a basis consistent with that used for equity-settled awards. Market-based performance conditions and non-vesting conditions are reflected in the "fair values", but non-market performance conditions and service vesting conditions are reflected in the estimate of the number of awards expected to vest. Also, the amendment clarifies that if the terms and conditions of a cash-settled share-based payment transaction are modified with the result that it becomes an equity-settled share-based payment transaction, the transaction is accounted for as such from the date of the modification. Further, the amendment requires the award that include a net settlement feature in respect of withholding taxes to be treated as equity-settled in its entirety. The cash payment to the tax authority is treated as if it was part of an equity settlement. This amendment does not apply to the Company.



Dialforhealth India Limited
Notes to the Financial Statements

Note: 3-Property, Plant and Equipment:

	INR-Thousand				
	Plant and Equipment	Furniture and Fixtures	Vehicles	Office Equipment	Total
Gross Block:					
As at April 1, 2015*	84	20,931	831	3,781	25,627
Additions	-	-	-	-	-
Disposals	(42)	(9,871)	-	(1,115)	(11,028)
As at March 31, 2016	42	11,060	831	2,666	14,599
Additions	-	-	-	-	-
Disposals	-	-	(831)	-	(831)
As at March 31, 2017	42	11,060	-	2,666	13,768
Depreciation:					
As at April 1, 2015*	64	16,052	463	3,563	20,142
Charge for the year	13	920	122	14	1,069
Disposals	(40)	(6,596)	-	(1,054)	(7,690)
As at March 31, 2016	37	10,376	585	2,523	13,521
Charge for the year	2	67	46	5	120
Disposals	-	-	(631)	-	(631)
As at March 31, 2017	39	10,443	-	2,528	13,010
Net Block:					
As at April 1, 2015*	20	4,879	368	218	5,485
As at March 31, 2016	5	684	246	143	1,078
As at March 31, 2017	3	617	-	138	758

* Represents deemed cost on the date of transition to Ind AS. Gross block and accumulated depreciation from the previous GAAP have been disclosed for the purpose of better understanding of the original cost of assets.

	Face Value	Nos.	INR-Thousands		
			As at		
			March 31, 2017	March 31, 2016	April 1, 2015

Note: 4-Investments [Non-Current]:

Investments in Subsidiaries:					
Investments in Equity Instruments [^]			-	-	-
Total			-	-	-
[^] Details of Investments in Subsidiaries:					
Investment in Equity Instruments [Valued at cost]:					
Subsidiary Companies [Unquoted]:					
In fully paid-up equity shares of:					
Dialforhealth Greencross Limited [*]	10	250,000	2,500	2,500	2,500
Dialforhealth Unity Limited [**]	10	27,500	275	275	275
			2,775	2,775	2,775
Less: Impairment allowance			(2,775)	(2,775)	(2,775)
			-	-	-

[*] Considering the future business projections of both the Companies, the management had provided for Impairment allowances for both the above investments.



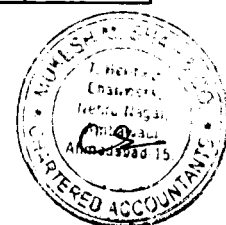
Dialforhealth India Limited
Notes to the Financial Statements

	INR-Thousands		
	As at		
	March 31, 2017	March 31, 2016	April 1, 2015
Note: 5-Loans:			
[Unsecured, Considered Good unless otherwise stated]			
Loans and Advances to Related Parties [*]			
Considered good	200,200	200,000	200,000
Considered doubtful	1,500	1,500	1,500
	201,700	201,500	201,500
Less : Impairment allowance	1,500	1,500	1,500
Total	200,200	200,000	200,000
[*] Details of loans pursuant to Section 186(4) of Companies Act, 2013 (#):			
Name of the party and relationship with the party to whom loan given:			
A Subsidiary Company:			
a Dialforhealth Unity Limited [Interest free loan] [Refer Note-4 (**)]	1,500	1,500	1,500
b Dialforhealth Unity Limited [Interest bearing loan]	200	-	-
B Fellow Subsidiary Company:			
a Biochem Pharmaceutical Industries Limited [Interest bearing loan]	200,000	200,000	200,000
	201,700	201,500	201,500
(#) Loans which are outstanding at the end of the respective financial year.			
Notes:			
a All the above loans have been given for business purposes.			
b The loans are repayable with tenure of 3 years.			
Note: 6-Other Financial Assets:			
[Unsecured, Considered Good unless otherwise stated]			
Security Deposits	-	-	1,716
Total	-	-	1,716
Note: 7-Current Tax Assets:			
Advance payment of Tax	2,319	1,909	600
Total	2,319	1,909	600
Note: 8-Inventories:			
[The Inventory is valued at lower of cost and net realisable value]			
Stock-in-Trade	-	1,349	76,241
Total	-	1,349	76,241
Note: 9-Trade Receivables:			
Unsecured - Considered good	1,897	726	1,689
Total	1,897	726	1,689
Note: 10-Cash and Cash Equivalents:			
Balances with Banks	7,080	3,586	3,460
Cash on Hand	60	141	553
Total	7,140	3,727	4,013
In accordance with MCA notification G.S.R. 308 (E) dated March 30, 2017 details of Specified Bank Notes [SBN] and Other Denomination Notes [ODN] held and transacted during the period from November 8, 2016 to December 30, 2016 is given below:			
Particulars	Total	SBN	ODN
Closing cash on hand as on November 8, 2016	31	21	10
Permitted receipts	50	-	50
Permitted payments	-	-	-
Amount deposited in banks	(21)	(21)	-
Closing cash on hand as on December 30, 2016	60	-	60
Note: 11-Other Current Financial Assets:			
[Unsecured, Considered Good]			
Other advances	-	22	127
Total	-	22	127



Dialforhealth India Limited
Notes to the Financial Statements

	INR-Thousands		
	As at		
	March 31, 2017	March 31, 2016	April 1, 2015
Note: 12-Other Current Assets:			
[Unsecured, Considered Good]			
Balances with Statutory Authorities	78	78	78
Advances recoverable in cash or in kind or for value to be received	66	137	711
Prepaid Expenses	-	13	44
Total	144	228	833
Note: 13-Equity Share Capital:			
Authorised:			
5,000,000 [as at March 31, 2016: 5,000,000 {as at April 1, 2015: 5,000,000}] Equity Shares of Rs.10/- each	50,000	50,000	50,000
2,000,000 [as at March 31, 2016: 2,000,000 {as at April 1, 2015: 2,000,000}] Preference Shares of Rs.100/- each	200,000	200,000	200,000
	250,000	250,000	250,000
Issued, Subscribed and Paid-up:			
5,000,000 [as at March 31, 2016: 5,000,000 {as at April 1, 2015: 5,000,000}] Equity Shares of Rs.10/- each, fully paid-up	50,000	50,000	50,000
2,000,000 [as at March 31, 2016: 2,000,000 {as at April 1, 2015: 2,000,000}] Optionally Convertible non cumulative Redeemable Preference Shares of Rs.100/- each, fully paid-up	200,000	200,000	200,000
Total	250,000	250,000	250,000
A There is no change in the number of equity shares as at the beginning and end of the year. Number of equity shares at the beginning and at the end of year	5,000,000	5,000,000	5,000,000
B There is no change in the number of Preference shares as at the beginning and end of the year. Number of preference shares at the beginning and at the end of year	2,000,000	2,000,000	2,000,000
C The Company has equity shares and preference shares. All equity shares rank pari passu and carry equal rights with respect to voting and dividend. In the event of liquidation of the Company, the equity shareholders shall be entitled to proportionate share of their holding in the assets remained after distribution of all preferential amounts.			
D Optionally Convertible Non Cumulative Redeemable Preference [OCRPS] shares are redeemable at par. At anytime during the tenure of the OCRPS, the Issuer of the OCRPS shall have right to have all, or any part, of the OCRPS to be converted as Equity Shares. At anytime during the tenure of the OCRPS, the Holder of the OCRPS shall have right to have all, or any part, of the OCRPS to be converted as Equity Shares. Such conversation shall happen at a pre-determined agreed rate between the parties. The tenure of the OCRPS shall be 5 years from the date of allotment, 17th May, 13 [Rs. 150,000 thousand] and 1st Aug, 13 [Rs. 50,000 thousand]. At any time during the tenure of the OCRPS, the Company shall have a right to redeem, all or any part of outstanding OCRPS. The OCRPS shall carry a preferential right with respect to dividend on the paid up capital in the event of distribution of profits by the company.			
E All Equity shares of Rs. 10/- each, fully paid held by Holding Company, Cadila Healthcare Limited and its nominees: Number of Shares % to total share holding	5,000,000 100%	5,000,000 100.00%	5,000,000 100.00%
F All Preference shares of Rs. 100/- each, fully paid held by Holding Company, Cadila Healthcare Limited: Number of Shares % to total share holding	2,000,000 100%	2,000,000 100%	2,000,000 100%
Note: 14-Other Equity:			
Retained Earnings:			
Balance as per last Balance Sheet	(199,800)	(125,821)	
Add: Profit for the year	7,500	(73,882)	
	(192,300)	(199,703)	
Less: Items of other Comprehensive income recognised directly in Retained Earnings: Re-measurement gains/ [losses] on defined benefit plans [net of tax]	240	(97)	
Balance as at the end of the year	(192,060)	(199,800)	
Equity component of interest free loan	62,257	62,257	
Total	(129,803)	(137,543)	



Dialforhealth India Limited
Notes to the Financial Statements

	INR-Thousands		
	As at		
	March 31, 2017	March 31, 2016	April 1, 2015
Note: 15-Borrowings:			
Loans and advances from Related Parties [Unsecured] [*]	90,827	93,897	99,794
Total	90,827	93,897	99,794
[*] Details of Loans and Advances from Related Parties [Refer Note-33 for relationship] are as under:			
a Cadila Healthcare Limited-Holding Company [Interest free loan without specific repayment terms]	90,827	93,897	99,794
Note: 16-Other Financial Liabilities:			
Deposits [Unsecured]	-	356	356
Total	-	356	356
Note: 17-Provisions:			
Provision for Employee Benefits	548	821	1,299
Total	548	821	1,299

Defined benefit plan and long term employment benefit

A General description:

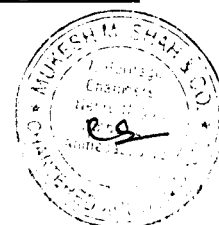
Leave wages [Long term employment benefit]:

The leave encashment scheme is administered through Life Insurance Corporation of India's Employees' Group Leave Encashment cum Life Assurance [Cash Accumulation] Scheme. The employees of the company are entitled to leave as per the leave policy of the company. The liability on account of accumulated leave as on last day of the accounting year is recognised [net of the fair value of plan assets as at the balance sheet date] at present value of the defined obligation at the balance sheet date based on the actuarial valuation carried out by an independent actuary using projected unit credit method.

Gratuity [Defined benefit plan]:

The Company has a defined benefit gratuity plan. Every employee who has completed continuous services of five years or more gets a gratuity on death or resignation or retirement at 15 days salary [last drawn salary] for each completed year of service. The scheme is funded with an insurance company in the form of a qualifying insurance policy.

	INR-Thousands					
	As at					
	March 31, 2017		March 31, 2016			
	Medical Leave	Leave Wages	Gratuity	Medical Leave	Leave Wages	Gratuity
B Change in the present value:						
Opening obligation	113	708	1,475	184	1,115	1,614
Interest cost	7	53	59	11	70	101
Current service cost	14	67	114	14	91	141
Benefits paid	-	(310)	(279)	-	(414)	(475)
Actuarial [gains]/ losses on obligation	46	(168)	(340)	(96)	(154)	94
Closing obligation	180	350	1,029	113	708	1,475
C Change in the fair value of plan assets:						
Opening fair value of plan assets	-	-	1,271	-	-	1,634
Expected return on plan assets	-	-	114	-	-	110
Return on plan assets excluding amounts included in interest income	-	-	(100)	-	-	(3)
Contributions by employer	-	-	5	-	-	5
Benefits paid	-	-	(279)	-	-	(475)
Actuarial [losses]/ gains	-	-	-	-	-	-
Closing fair value of plan assets	-	-	1,011	-	-	1,271
Total actuarial [losses]/ gains to be recognised	(46)	168	340	96	154	(94)
D Actual return on plan assets:						
Expected return on plan assets	-	-	114	-	-	110
Actuarial [losses]/ gains on plan assets	-	-	-	-	-	-
Actual return on plan assets	-	-	114	-	-	110
E Amount recognised in the balance sheet:						
Liabilities/ [Assets] at the end of the year	180	350	1,029	113	708	1,475
Fair value of plan assets at the end of the year	-	-	(1,011)	-	-	(1,271)
Difference	180	350	18	113	708	204
Liabilities/ [Assets] recognised in the Balance Sheet	180	350	18	113	708	204



Dialforhealth India Limited
Notes to the Financial Statements

Note: 17-Provisions-Continued:

	As at					
	March 31, 2017			March 31, 2016		
	<u>Medical Leave</u>	<u>Leave Wages</u>	<u>Gratuity</u>	<u>Medical Leave</u>	<u>Leave Wages</u>	<u>Gratuity</u>
F Expenses/ [Incomes] recognised in the Statement of Profit and Loss:						
Current service cost	14	67	114	14	91	141
Interest cost on benefit obligation	7	53	59	11	70	101
Expected return on plan assets	-	-	(114)	-	-	(110)
Return on plan assets excluding amounts included in interest income	-	-	-	-	-	-
Net actuarial [gains]/ losses in the year	46	(168)	-	(96)	(154)	-
Amount included in "Employee Benefit Expense"	67	(48)	59	(71)	7	132
Return on plan assets excluding amounts included in interest income	-	-	100	-	-	3
Net actuarial [gains]/ losses in the year	-	-	(340)	-	-	94
Amounts recognized in OCI	-	-	(240)	-	-	97

G Movement in net liabilities recognised in Balance Sheet:						
Opening net liabilities	112	708	204	183	1,115	(21)
Expenses as above [P & L Charge]	67	(48)	59	(71)	7	132
Employer's contribution	-	-	(5)	-	-	(4)
Amount recognised in OCI	-	-	(240)	-	-	97
Benefits Paid	-	(310)	-	-	(414)	-
Liabilities/ [Assets] recognised in the Balance Sheet	179	350	18	112	708	204

H Principal actuarial assumptions for defined benefit plan and long term employment benefit plan:			
Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Discount rate [%]	6.95%	7.55%	7.80%
Annual increase in salary cost [#]	12% for next 4 years & 9.00% thereafter	7.50% for all years	7.50% for all years

[§] The rate of discount is considered based on market yield on Government Bonds having currency and terms in consistence with the currency and terms of the post employment benefit obligations.

[#] The estimates of future salary increases are considered in actuarial valuation, taking into account inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

	As at					
	March 31, 2017			March 31, 2016		
	<u>Medical Leave</u>	<u>Leave Wages</u>	<u>Gratuity</u>	<u>Medical Leave</u>	<u>Leave Wages</u>	<u>Gratuity</u>
I The categories of plan assets as a % of total plan assets are:						
Insurance plan	0.00%	100.00%	100.00%	0.00%	100.00%	100.00%

	As at March 31				
	2017	2016	2015	2014	2013
	J Amount recognised in current and previous four years:				
Gratuity:					
Defined benefit obligation	1,029	1,475	1,614	1,322	1,228
Fair value of Plan Assets	1,011	1,271	1,634	1,571	1,436
Deficit/ [Surplus] in the plan	18	204	(20)	(249)	(208)
Actuarial Loss/ [Gain] on Plan Obligation	(340)	94	99	(125)	45
Actuarial Loss/ [Gain] on Plan Assets	-	-	(7)	(9)	-

The expected contributions for Defined Benefit Plan for the next financial year will be in line with FY 2016-17.

The average duration of the defined benefit plan obligation at the end of the reporting period is 14.07 years [as at March 31 2016: 9.98 years]

Sensitivity analysis:

A quantitative sensitivity analysis for significant assumption is shown below:

Assumptions	INR-Thousands					
	Medical Leave		Leave Wages		Gratuity	
	As at March 31					
	2017	2016	2017	2016	2017	2016
Impact on obligation:						
Discount rate increase by 0.5%	(10)	(3)	(10)	(8)	(29)	(25)
Discount rate decrease by 0.5%	10	7	10	12	31	25
Annual salary cost increase by 0.5%	10	7	10	12	30	25
Annual salary cost decrease by 0.5%	-	(3)	(10)	(8)	(29)	(25)



Dialforhealth India Limited
Notes to the Financial Statements

Note: 17-Provisions-Continued:

The following payments are expected contributions to the defined benefit plan in future years:

	INR-Thousands	
	As at March 31	
	2017	2016
Within the next 12 months [next annual reporting period]	124	1,100
Between 2 and 5 years	390	520
Between 5 and 10 years	1,560	1,020
Total expected payments	2,074	2,640

INR-Thousands		
As at		
March 31, 2017	March 31, 2016	April 1, 2015

Note: 18-Trade Payables:

Micro, Small and Medium Enterprises [*]	-	-	-
Others	332	522	923
Total	332	522	923

[*] Disclosure in respect of Micro, Small and Medium Enterprises:

A Principal amount remaining unpaid to any supplier as at year end

B Interest due thereon

C Amount of interest paid by the Company in terms of section 16 of the MSMED Act, along with the amount of the payment made to the supplier beyond the appointed day during the year

D Amount of interest due and payable for the year of delay in making payment [which have been paid but beyond the appointed day during the year] but without adding the interest specified under the MSMED Act

E Amount of interest accrued and remaining unpaid at the end of the accounting year

F Amount of further interest remaining due and payable in succeeding years

The above information has been compiled in respect of parties to the extent to which they could be identified as Micro, Small and Medium Enterprises on the basis of information available with the Company.

-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-

Note: 19-Other Financial Liabilities:

Accrued Expenses	453	799	1,297
Total	453	799	1,297

Note: 20-Other Current Liabilities:

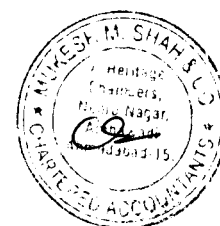
Payable to Statutory Authorities	36	99	434
Total	36	99	434

Note: 21-Provisions:

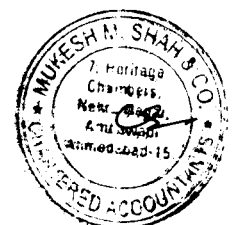
Provision for Employee Benefits	65	88	165
Total	65	88	165

Note: 22-Contingent Liabilities and Commitments [to the extent not provided for]

-	-	-
---	---	---



Dialforhealth India Limited		
Notes to the Financial Statements		
	INR-Thousands	
	Year ended March 31	
	2017	2016
Note: 23-Revenue from Operations:		
Sale of Products	24,137	29,952
Other Operating Revenues	355	221
Total	24,492	30,173
Note: 24-Other Income:		
Finance Income:		
Interest Income on Financial Assets measured at Amortised Cost	19,680	19,112
Total	19,680	19,112
Note: 25-Purchases of Stock-in-Trade:		
Purchases of Stock-in-Trade	20,960	23,180
Total	20,960	23,180
Note: 26-Changes in Inventories:		
Stock-in-Trade:		
Stock at commencement	1,349	76,241
Less: Stock at close	-	1,349
Total	1,349	74,892
Note: 27-Employee Benefits Expense:		
Salaries and wages	2,504	6,815
Contribution to provident and other funds [*]	414	277
Staff welfare expenses	79	217
Total	2,997	7,309
[*] The Company's contribution towards defined contribution plan	150	351
Note: 28-Finance Cost:		
Finance Cost - Term Loan	10,430	10,603
Bank commission & charges	7	41
Total	10,437	10,644
Note: 29-Other Expenses:		
Power & fuel	19	226
Rent [*]	124	1,440
Collaboration fees [*]	-	52
Repairs to Others	-	40
Insurance	22	146
Rates and Taxes [excluding taxes on income]	7	70
Housekeeping Expenses	26	334
Traveling Expenses	-	54
Legal and Professional Fees	54	80
Freight and forwarding on sales	93	202
Other marketing expenses	5	255
Net Loss on sale/ disposal of Property, Plant and Equipment	68	2,518
Miscellaneous Expenses [**]	391	656
Total	809	6,073
[*] The Company had taken various shops under operating lease or leave and license agreement. The lease terms in respect of such premises were on the basis of individual agreement entered into with the respective landlords. The Company had given refundable interest free security deposits in accordance with the agreed terms. The lease payments were recognised on a straight line basis over the lease term and disclosed under "Rent" and "Collaboration fees".		
[**] Miscellaneous Expenses include Payment to the auditors [Including Service Tax]:		
a Auditor	216	222
b For Other Services	3	3
c Total	219	225



Dialforhealth India Limited
Notes to the Financial Statements

INR-Thousands	
Year ended March 31	
2017	2016

Note: 30-Tax Expenses:

The Company has unabsorbed depreciation as well as carried forward losses under tax laws, resulting in to deferred tax assets. However, considering principle of prudence, deferred tax assets are not recognised the same is not supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised.

Note: 31-Calculation of Earnings per Equity Share [EPS]:

The numerators and denominators used to calculate the basic and diluted EPS are as follows:

A Basic EPS:			
a Profit attributable to Shareholders	INR-Thousands	7,500	(73,882)
b Basic and weighted average number of Equity shares outstanding during the year	Numbers	5,000,000	5,000,000
c Nominal value of equity share	INR	10	10
d Basic EPS	INR	1.50	(14.78)
B Diluted EPS:			
a Profit attributable to Shareholders	INR-Thousands	7,500	(73,882)
b Basic and weighted average number of Equity shares (including potential equity shares) outstanding during the year	Numbers	25,000,000	25,000,000
c Nominal value of equity share	INR	10	10
d Diluted EPS	INR	0.30	(2.96)

Note: 32-Segment Information:

The CODM reviews the Company as a single segment, namely "Retail Pharmacy Business", hence, segment reporting is not required.

Note: 33-Related Party Transactions:

A Name of the Related Parties and Nature of the Related Party Relationship:

a Holding Company:

Cadila Healthcare Limited

b Subsidiary Companies:

Dialforhealth Greencross Limited

Dialforhealth Unity Limited

c Fellow Subsidiaries:

Zydus Healthcare Limited

Zydus Pharmaceuticals (USA) Inc. [USA]

Zydus Wellness Limited

Nesher Pharmaceuticals (USA) LLC [USA]

M/s. Zydus Wellness-Sikkim, a Partnership Firm

Zydus Healthcare (USA) LLC [USA]

Liva Pharmaceuticals Limited

Sentynl Therapeutics Inc. [USA]

Zydus Technologies Limited

Zydus Noveltech Inc. [USA]

Biochem Pharmaceutical Industries Limited

Hercon Pharmaceuticals LLC [USA]

Alidac Pharmaceuticals Limited

Zydus Healthcare S.A. (Pty) Ltd [South Africa]

Zydus Lanka (Private) Limited [Sri Lanka]

Simayla Pharmaceuticals (Pty) Ltd [South Africa]

Zydus Healthcare Philippines Inc. [Philippines]

Script Management Services (Pty) Ltd [South Africa]

Zydus International Private Limited [Ireland]

Zydus France, SAS [France]

Zydus Netherlands B.V. [the Netherlands]

Zydus Nikkho Farmaceutica Ltda. [Brazil]

ZAHL B.V. [the Netherlands]

Laboratorios Combix S.L. [Spain]

ZAHL Europe B.V. [the Netherlands]

Zydus Pharmaceuticals Mexico SA De CV [Mexico]

Bremer Pharma GmbH [Germany]

Zydus Pharmaceuticals Mexico Services Company SA De C.V.[Mexico]

Alidac Healthcare (Myanmar) Limited [Myanmar]

Zydus Worldwide DMCC [Dubai]

Etna Biotech S.R.L. [Italy]

Zydus Discovery DMCC [Dubai]

d Key Managerial Personnel:

Dr. Sharvil P. Patel

Chairman

Mr. V. K. Sharma

Director - Operations

Mr. Harish Sadana

Director

Mr. Subodhchandra P. Adeshara

Independent Director

Mr. Gunvant K. Barot

Independent Director

Mr. Jayesh K. Patel

Executive Officer [Chief Financial Officer]

Ms. Urvi A. Kadakia

Executive Officer [Company Secretary]

e Enterprises significantly influenced by Directors and/or their relatives:

Cadmach Machinery Company Private Limited

Pripan Investment Private Limited

Zydus Hospitals and Healthcare Research Private Limited

Zandra Herbs and Plantations LLP

Zydus Hospitals (Vadodra) Private Limited

Western Ahmedabad Effluent Conveyance Company

Zydus Hospitals (Rajkot) Private Limited

Private Limited

MabS Biotech Private Limited

Zandra Infrastructure LLP

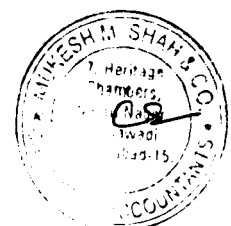
Zydus Infrastructure Private Limited

Zydus Hospital LLP

Cadila Laboratories Private Limited

M/s. C. M. C. Machinery

M/s. Cadam Enterprises



Dialforhealth India Limited
Notes to the Financial Statements

B Transactions with Related Parties:

The following transactions were carried out with the related parties in the ordinary course of business and at arm's length terms:

a Details relating to parties referred to in Note 33-A [a, b & c]

Nature of Transactions	Value of the Transactions [INR-Thousands]			
	Holding Companies		Subsidiary/ Fellow Subsidiaries	
	Year ended March 31			
	2017	2016	2017	2016
Rent Paid:				
Cadila Healthcare Limited	124	123		
Interest Received:				
Biochem Pharmaceutical Industries Limited			19,575	19,085
Dialforhealth Unity Limited			18	
Interest Paid:				
Cadila Healthcare Limited	10,430	10,603		
Inter Corporate Loans Repaid:				
Cadila Healthcare Limited	13,500	16,500		

Nature of Transactions	Holding Companies			Subsidiary/ Fellow Subsidiaries		
	As at					
	March 31, 2017	March 31, 2016	April 1, 2015	March 31, 2017	March 31, 2016	April 1, 2015
Outstanding:						
Payable:						
Cadila Healthcare Limited	90,827	93,897	99,794			
Receivable:						
Dialforhealth Unity Limited				1,700	1,500	1,500
Biochem Pharmaceutical Industries Limited				200,000	200,000	200,000
Total				201,700	201,500	201,500

b Details relating to persons referred to in Note 33-A [d] above:

	INR-Thousands	
	Year ended March 31	
	2017	2016
(i) Salaries and other employee benefits to Chairman, Directors and other executive officers	2,665	3,788
(ii) Outstanding payable to above (i)	71	195

c There are no transactions with parties referred in Note 33-A[e].

Note: 34-Financial Instruments:

A Fair values hierarchy:

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three Levels of a fair value hierarchy. The three Levels are defined based on the observability of significant inputs to the measurement, as follows:

Level 1: Quoted prices [unadjusted] in active markets for financial instruments.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data rely as little as possible on entity specific estimates.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Financial Assets:

The carrying amounts of trade receivables, loans and advances to related parties and other financial assets, cash and cash equivalents are considered to be the approximately equal to the fair values.

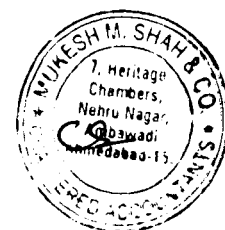
Financial Liabilities:

Fair values of loans, other financial liabilities and trade payables are considered to be approximately equal to the carrying values.

Note: 35-Financial Risk Management:

A Financial instruments by category:

	INR-Thousands			
	As at March 31, 2017			
	FVTPL	FVOCI	Amortised Cost	Total
Financial assets:				
Non Current Loans			200,200	200,200
Trade receivables			1,897	1,897
Cash and Cash Equivalents			7,140	7,140
Total	-	-	209,237	209,237
Financial liabilities:				
Borrowings			90,827	90,827
Trade payables			332	332
Non Current Other Financial Liabilities			-	-
Other Current Financial Liabilities			453	453
Total	-	-	91,612	91,612



Dialforhealth India Limited
Notes to the Financial Statements

Note: 35-Financial Risk Management:-Continued:

	INR-Thousands			
	As at March 31, 2016			
	FVTPL	FVOCI	Amortised Cost	Total
Financial assets:				
Non Current Loans			200,000	200,000
Trade receivables			726	726
Non Current Other Financial Assets			-	-
Cash and Cash Equivalents			3,727	3,727
Other Current Financial Assets			22	22
Total	-	-	204,475	204,475
Financial liabilities:				
Borrowings			93,897	93,897
Trade payables			522	522
Non Current Other Financial Liabilities			356	356
Other Current Financial Liabilities			799	799
Total	-	-	95,574	95,574
	As at April 1, 2015			
	FVTPL	FVOCI	Amortised Cost	Total
Financial assets:				
Non Current Loans			200,000	200,000
Non Current Other Financial Assets			1,716	1,716
Trade receivables			1,689	1,689
Cash and Cash Equivalents			4,013	4,013
Other Current Financial Assets			127	127
Total	-	-	207,545	207,545
Financial liabilities:				
Borrowings			99,794	99,794
Trade payables			923	923
Non Current Other Financial Liabilities			356	356
Other Current Financial Liabilities			1,297	1,297
Total	-	-	102,370	102,370

B Risk Management:

The Company's activities expose it to market risk, liquidity risk and credit risk. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the related impact in the financial statements.

The Company's risk management is done in close co-ordination with the board of directors and focuses on actively securing the Company's short, medium and long-term cash flows by minimizing the exposure to volatile financial markets. The Company does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Company is exposed are described below:

a Credit risk:

Credit risk arises from the possibility that counter party may not be able to settle their obligations as agreed. The Company is exposed to credit risk from loans and advances to related parties, trade receivables and other financial assets. The Company periodically assesses the financial reliability of the counter party taking into account the financial condition, current economic trends, analysis of historical bad debts and ageing of accounts receivable. Individual customer limits are set accordingly.

- i Loans to related parties : They are given for business purposes. The Company reassesses the recoverability of loans periodically.
- ii Trade Receivable: The Company trades with recognized and credit worthy third parties. It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an on-going basis with the result that the Company's exposure to bad debts is not significant.
- iii The Company is exposed to credit risk in the event of non-payment by customers. Credit risk concentration with respect to trade receivables is mitigated by the Company's large customer base. Adequate expected credit losses are recognized as per the assessments.

The history of trade receivables shows an allowance for bad and doubtful debts of INR Nil as at March 31, 2017 [INR Nil as at March 31, 2016]. The Company has made allowance of INR Nil [Previous Year- INR Nil], against trade receivables of INR 1,897 Thousands [Previous year - INR 726 Thousands].

b Liquidity risk:

- a Prudent liquidity risk management implies maintaining sufficient cash and marketable securities.
- b Management monitors forecasts of the Company's liquidity position and cash and cash equivalents on the basis of expected cash flows.

The Company's liquidity management policy involves projecting cash flows and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios.



Dialforhealth India Limited
Notes to the Financial Statements

Note: 35- Financial Risk Management:-Continued:

Maturities of financial liabilities:

The tables below analyse the Company's financial liabilities into relevant maturity groupings based on their contractual maturities for all non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	INR-Thousands				
	< 1 year	1-2 year	2-3 year	> 3 years	Total
March 31, 2017					
Non-derivative Financial Liabilities:					
Borrowings [including current maturities and interest]	90,827				90,827
Other non current financial liabilities		-			-
Trade payable	332				332
Other Financial Liabilities	453				453
Total	91,612	-	-	-	91,612
March 31, 2016					
Non-derivative Financial Liabilities:					
Borrowings [including current maturities and interest]		93,897			93,897
Other non current financial liabilities	356				356
Trade payable	522				522
Other Financial Liabilities	799				799
Total	1,677	93,897	-	-	95,574
April 1, 2015					
Non-derivative Financial Liabilities:					
Borrowings [including current maturities and interest]			99,794		99,794
Other non current financial liabilities		356			356
Trade payable	923				923
Other Financial Liabilities	1,297				1,297
Total	2,220	356	99,794	-	102,370

Note: 36- First Time Adoption of Ind AS:

The accounting policies set out in the note here have been applied in preparing the financial statements for the year ended March 31, 2017, the comparative information presented in these financial statements for the year ended March 31, 2016 and in the preparation of an opening Ind AS balance sheet at April 1, 2015 [the Company's date of transition].

In preparing its opening Ind AS balance sheet, the Company has adjusted the amounts reported previously in financial statements prepared in accordance with the accounting standards notified under Companies [Accounting Standards] Rules, 2006 [as amended] and other relevant provisions of the Act [Indian GAAP]. An explanation of how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows is set out in the following notes.

Exemptions and exceptions availed:

Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from previous GAAP to Ind AS.

A Deemed cost:

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for consequential impacts of applying standards other than that of property, plant and equipment. This exemption can also be used for intangible assets covered by Ind AS 38 Intangible Assets. Accordingly, the Company has elected to measure all of its property, plant and equipment and intangible assets at their previous GAAP carrying values.

B Leases:

Appendix C to Ind AS 17 requires an entity to assess whether a contract or arrangement contains a lease. In accordance with Ind AS 17, this assessment should be carried out at the inception of the contract or arrangement. Ind AS 101 provides an option to make this assessment on the basis of facts and circumstances existing at the date of transition to Ind AS, except where the effect is expected to be not material. The Company has elected to apply this exemption for such contracts/ arrangements.

C Estimates:

An entity's estimates in accordance with Ind ASs at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP [after adjustments to reflect any difference in accounting policies], unless there is objective evidence that those estimates were in error.

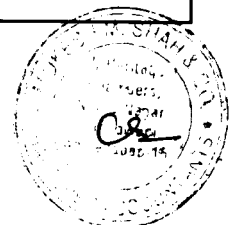
Ind AS estimates as at April 1, 2015 are consistent with the estimates as at the same date made in conformity with previous GAAP.

D Classification of financial assets:

As per the requirements of Ind AS 101 the Company has assessed classification of financial assets on the basis of the facts and circumstances that existed at the date of transition to Ind AS.

E De-recognition of financial assets and liabilities:

Ind AS 101 requires a first-time adopter to apply the de-recognition provisions of Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS. However, Ind AS 101 allows a first time adopter to apply the de-recognition requirements in Ind AS 109 retrospectively from a date of entity's choosing; provided that the information needed to apply Ind AS 109 to financial assets or financial liabilities derecognised as a result of past transactions was obtained at the time of initially accounting for those transactions. The Company has elected to apply the de-recognition provision of Ind AS 109 prospectively from the date of transition to Ind AS.



Dialforhealth India Limited
Notes to the Financial Statements

Note: 37- Reconciliation with previous GAAP:

	INR-Thousands	
	As at	
	March 31, 2016	April 1, 2015
A Reconciliation of equity:		
Equity as per previous GAAP	98,678	162,054
Add [Less]: Adjustments:		
Interest free loan from Holding Company	13,886	24,382
Total	13,886	24,382
Equity as per Ind AS	112,564	186,436
B Reconciliation of Net Profit for the year ended March 31, 2016:		
Profit after Tax as per previous GAAP	(63,376)	
Add [Less]: Adjustments in statement of profit and loss		
Interest free loan from Holding Company	(10,496)	
Actuarial loss on employee defined benefit plan recognised in OCI	97	
Total	(10,399)	
Net Profit after tax as per Ind AS	(73,775)	
Other Comprehensive Income (Net of Tax)	(97)	
Total Comprehensive Income for the year as per Ind AS	(73,872)	

1 Interest free loan from Holding Company

Under previous GAAP, loan liabilities were recognised at the transaction price reduced by repayments made. Under Ind AS, loans are financial liabilities and are initially recognised at fair value. The difference between the fair value and the transaction price is accounted for basis the underlying reason for deviation from fair value. In the case of loan taken from Holding Company, the difference is accounted for as "other equity" under Reserves and Surplus. Subsequently, the loan taken is measured at amortised cost resulting into finance cost in Statement of Profit and Loss. The net impact of such transaction in the equity of the Company is INR 24,382 Thousands as at the date of transition of Ind AS and finance cost of INR 10,710 Thousands in the Statement of Profit and Loss for the year ended March 31, 2016.

2 Actuarial loss on employee defined benefit plan recognised in OCI

Under previous GAAP, remeasurement of defined benefit plans [gratuity], arising primarily due to change in actuarial assumptions was recognised as employee benefits expense in the Statement of Profit and Loss. Under Ind AS, such remeasurement [excluding the net interest expenses on the net defined benefit liability] of defined benefit plans is recognised in OCI. Consequently, the related tax effect of the same is also recognised in OCI. For the year ended March 31, 2016, remeasurement of gratuity liability resulted in an actuarial loss of INR 97 Thousands which has now been reduced from employee benefits expense in the Statement of Profit and Loss and recognised separately in OCI. The above changes do not affect Equity as at date of transition to Ind AS and as at March 31, 2016.

Others:

Statement of Cash Flows:

The transition from IGAAP to Ind AS has not had a material impact on the statement of cash flows.

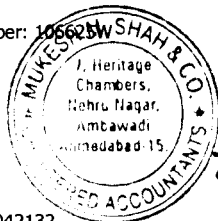
Signatures to Significant Accounting Policies and Notes 1 to 37 to the Financial Statements

As per our report of even date

For Mukesh M. Shah & Co.,
Chartered Accountants
Firm Registration Number: 106625W

CS Shah
Chandresh S. Shah
Partner

Membership Number: 042132
Ahmedabad, Dated: May 25, 2017



Jayesh K. Patel
Jayesh K. Patel
Chief Financial Officer

Urvashi A. Kadakia
Urvashi A. Kadakia
Company Secretary

For and on behalf of the Board

Dr. Sharvil P. Patel
Dr. Sharvil P. Patel
Chairman

Harsh Sadana
Harsh Sadana
Director